

## **DECISION MEMORANDUM**

**TO:** COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSIONER KEMPTON  
COMMISSION SECRETARY  
COMMISSION STAFF

**FROM:** DON HOWELL  
DEPUTY ATTORNEY GENERAL

**DATE:** MARCH 19, 2009

**SUBJECT:** IDAHO POWER'S REPORT CONCERNING THE SALE OF SO<sub>2</sub>  
EMISSION ALLOWANCES IN 2009, CASE NO. IPC-E-09-08

On March 18, 2009, Idaho Power Company filed a report disclosing that the Company had recently recorded the sale of surplus sulfur dioxide (SO<sub>2</sub>) emission allowances during this calendar year. The Company reports that it has either sold or entered into contracts for the sale of 16,500 SO<sub>2</sub> allowances. The Company anticipates booking the proceeds (after deducting brokerage fees of \$4,125) of \$2,341,375.

The Company's report also notes that during calendar year 2008 the Company sold 10,000 SO<sub>2</sub> allowances resulting in net revenues (after deducting brokerage fees) of \$2,958,500. *See* Case No. IPC-E-08-14 (Report filed July 24, 2008).

### **PROPOSED ACCOUNTING TREATMENT**

Idaho Power proposes that the "same 90/10 percent sharing of benefits" be utilized to allocate the proceeds from the sale of SO<sub>2</sub> allowances transferred in January 2009. Application at ¶ 7. The Company also recognizes that subsequent SO<sub>2</sub> sales will be subject to the new 95/5 percent sharing methodology consistent with the parties' stipulation approved by the Commission in Order No. 30715 (Case No. IPC-E-08-19). In addition to the change in sharing methodology, Idaho Power also asserts that the jurisdictional allocations were changed in the Company's recent rate case Order No. 30722. In particular, Idaho's jurisdictional percentage would increase from 94.7% to 94.79%. *Id.*

Idaho Power's report merely notes the Company has accrued SO2 credits but does not recommend a particular ratemaking treatment.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission initiate a docket to determine whether it is appropriate to include the 2008 and 2009 SO2 proceeds in this year's Power Cost Adjustment (PCA) case. Staff further recommends that the case be processed by Modified Procedure. Staff believes that the case can be completed prior to the Company's PCA filing later this year.

The Company does not object to Staff's recommendations.

#### **COMMISSION DECISION**

Does the Commission find that determining the appropriate disposition of the 2008 and 2009 (thus far) SO2 proceeds may appropriately be processed under Modified Procedure?



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Don Howell  
Deputy Attorney General

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